

Quarter 3 2010 Interim Management Statement

28 July 2010



easyJet plc

Week 4 – priorities and initial impressions



→ Priorities:

- Engage with staff, shareholders, customers and key suppliers
- Mitigation plan for recent operational issues
- Take a fresh look at the business; share findings in November



→ Initial impressions:

- Advantaged network: low fares to convenient locations
- easyJet people: welcoming and committed
- Company has delivered a robust results against a difficult backdrop (recession, snow, volcano) need for incoming team to deliver stability

Good commercial performance



- Continued good commercial performance
 - Total revenue per seat up 3.6% at constant currency
 - 7% growth in non-UK originating passengers
 - Market share gains across Europe
- Significant impact on results from volcanic ash
 - 7,000 flights cancelled impacting one million passengers
 - Estimated cost and lost contribution £65 million
- Guidance unchanged
 - Company continues to expect to make for the full year a pre-tax profit of between £100 million and £150 million at current exchange rates and fuel prices
 - Return on Equity target of 15%



Significant impact from volcano



	Impact	YoY growth ex volcano*	YoY growth inc volcano*
Seats flown	1.15m	10.0%	1.7%
Revenue	£68m	4.4%	3.6%
Costs saved	£(39)m	-	-
Lost contribution	£29m	-	-
Additional costs (e.g. contact centre)	£8m	-	-
Customer compensation (EU 2004 261)	£28m	-	-
Total additional costs (excluding fuel)	£36m	1.8%	9.6%
Total profit impact	£65m		

Losses restricted to £20 million if current more appropriate ash related flight restrictions had been in place

Continued robust revenue performance



	Q3 '10	Q3 '09	Change
Passengers (m)	12.3	11.9	3.5%
Load factor (%)	86.1	84.7	1.4ppt
Seats (m)	14.3	14.0	1.7%
Sector length (km)	1,135	1,116	1.8%
Total revenue (£m)	759.2	720.8	5.3%
Total revenue per seat (£)	53.23	51.42	3.5%
@ constant exchange (£)	53.24	51.42	3.6%

- ➔ Minimal impact from currency and sector length in the period
- ➔ Cycling strong comparatives: Q3 '09 +4.8% at constant currency

Strong passenger revenue growth



	Q3 '10	Q3 '09	Change
Passenger revenue (£m)	617.2	580.6	6.3%
per seat (£)	43.27	41.42	4.5%
Ancillary revenue (£m)	142.0	140.2	1.3%
per seat (£)	9.95	10.00	(0.4)%
Ancillary revenue excluding checked bag (£m)	76.3	74.9	1.9%
Per seat (£)	5.35	5.34	0.1%

- Strong passenger revenue growth
 - Good performance across the network despite APD increases
- Ancillary revenue performance behind plan for the quarter
 - Insurance regulatory changes, VAT on in-flight
 - Bag charge impacted by volcano
 - YTD performance to plan, growth of 68 pence per seat

We rest our case

One easyJet with one 20kg hold bag (excess weight)

In July and August this year it will cost over 3 times as much to check in one 20kg hold bag with Ryanair than with easyJet.

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Market opportunities



- Consolidating UK performance
 - Increasing load factor and revenue per seat
 - Network optimisation; closed East Midlands, terminated under-performing routes Luton
 - **Gatwick** continues to deliver a good commercial performance, including new routes; Aer Lingus and BA continue to retreat
 - **Scotland** performing well, improved route mix and reduced competitor activity
- Growing footprint through increased based capacity: Italy, France and Switzerland
 - **Italy** – Rome and Milan 20 based aircraft in total; international routes performing particularly well
 - **France** - taking share on international and domestic routes – easyJet planned capacity +15%, market capacity +1%
 - **Switzerland** – reinforcing our position in Geneva and Basel
- Growing footprint through increased in-bound flying: Spain and Germany
 - **Spain** – competitive local market however both city and beach in-bounds continue to perform well
 - **Germany** – 24% growth in planned capacity, stable revenue environment

Continued focus on costs



- Third quarter operating costs ex fuel per seat up up 1.8% per seat at constant currency (excluding impact of volcanic ash)
- Impact from volcanic ash of £36 million in the quarter
- On track to deliver £190m+ cost savings:
 - Leveraging easyJet scale to drive improvement in airports and ground handling costs
 - Reduction in ownership and maintenance costs
 - Target achievable; detailed update on progress against workstreams in November

Fleet and financing



	30 June 2010	30 Sept 2010	30 Sept 2011	30 Sept 2012
A319	151	159	163	173
A320	23	23	35	35
A320 GB spec	2	2	-	-
A321 GB spec	4	4	-	-
B737	8	8	2	-
Total	188	196	200	208

- 4 x GB A321 to exit the fleet; costs of c.£3.3 million in F'10, positive cash-flow after repayment of associated debt of £25 million in F'11
- Additional \$450 million of financing for 16 aircraft negotiated at market leading rates
- Strong balance sheet: cash and money market deposits of £1,304 million at 30 June 2010. Net cash of £47.1 million.

Operational issues

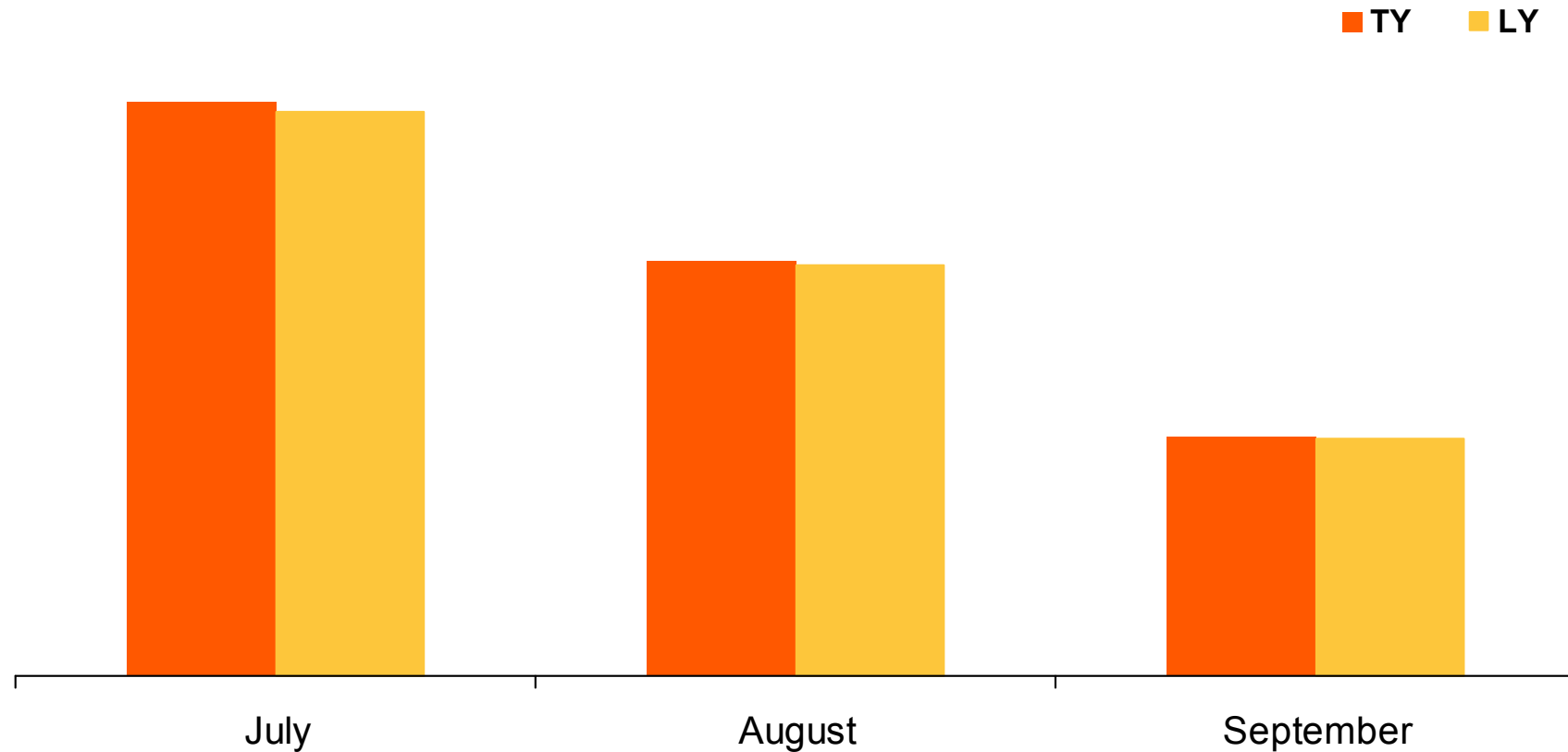


- Safety the No. 1 priority
- Root cause analysis for recent disruption underway, premature to draw conclusions but clear that performance was impacted by a number of factors including:
 - A high level of ATC strikes, 20 official and unofficial ATC actions since 1 April 2010
 - Crewing issues in some parts of the network albeit similar of crew versus last year across the airline as a whole:
 - Cabin Crew* 3,580 v 3,321 for same period in 2009
 - Flight Crew* 1,793 v 1,677 for same period in 2009
- Mitigating actions now in place to minimise disruption to customers during busy summer period including sub-chartering an additional aircraft with crew to give us more stand by cover
 - Costs of £15m associated with wet-leasing included in the outlook

Forward bookings in line with expectations



% Seats Sold *



64% of Q4 seats now sold

Outlook



- Forward bookings are in line with the prior year and with 64% of the fourth quarter seats now sold, total revenue per seat growth for the final quarter at constant currency is expected to be in the range of 2% to 3%. Therefore full year total revenue per seat at constant currency is expected to increase by around 2.5%, a better performance than originally expected.
- Total operating costs excluding fuel at constant currency⁴ before volcanic ash related costs of £36 million and snow disruption costs of £21 million will be up by between 2% and 3% per seat for the full year. This one-off increase in costs compared to the prior year is because easyJet has put in place temporary mitigating actions to minimise the impact to our customers during the busy summer period from the combination of air traffic control industrial action and crewing issues in some parts of our network. It is not expected that the cost of these mitigating actions will continue into FY11.
- Despite these additional one-off costs and the uncertain economic outlook the company continues to expect to make a pre-tax profit for the year of between £100 million and £150 million at current exchange rates and fuel prices ⁵.

⁴ Excludes interest income and includes wet leasing. ⁵ Jet cif NWE August 2010 \$706 per metric tonne, US \$ to £ sterling 1.55, euro to £ sterling 1.20.

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Appendix



Hedging update



Three months to 30 September 2010

- 66% of anticipated US\$ requirement for the three months to 30 September 2010 hedged using forwards at \$1.60
- 80% of anticipated Jet requirement for the three months to 30 September 2010 hedged using forwards at \$726/MT
- 81% of anticipated euro surplus for the three months to 30 September 2010 hedged using forwards at €1.13

Full Year to 30 September 2011

- 51% of anticipated US\$ requirement for the full year to 30 September 2011 hedged using forwards at \$1.61
- 70% of anticipated Jet requirement for the full year to 30 September 2011 hedged using forwards at \$734/MT
- 52% of anticipated euro surplus for the full year to 30 September 2011 hedged using forwards at €1.09